

Benefits of SPNP-Hub Architecture

SPNP-HUB provides numerous advantages over existing and proposed interim portability solutions:

1. It allows Caller ID to be passed to the CLEC (if received by the porting office) utilizing SS7 trunking to the Hub office and then switching the call to an individual SS7 trunk group which will terminate in the CLEC office.
2. It minimizes interim costs and deployment efforts by:
 - A. Allowing traffic to be consolidated between the porting office and the Hub office on a common SS7 number portability trunk group.
 - B. Minimize's trunking from CLEC to LEC. There is no need to place trunks to each end office in the LEC network. It has the same advantages as Flexible DID over SS7 without having to build additional trunk groups to each end office.
3. Can be deployed using current standards and translations. There is no need for new standards.
4. Can be left in place while new methods of number portability are being deployed. Will not necessitate a flash cutover when moving to a new technology.
5. Does not need deployment of SCP's to be used as an interim method of number portability.
6. Does not necessitate queries to a database minimizing the possibility of messaging congestion on the current network.
7. Can co-exist with current and future methods of number portability.
8. Has been tested with the SESS, DNS 100, EWSD, & IAESS.
9. Does not delay deployment of long term number portability.

Service Provider Number Portability Hub (Utilizing SS7 Trunking)

High Level Overview

The SPNP-HUB method of Number portability provides a relatively quick and inexpensive method using existing translations to deploy Number Portability in the interim until a more robust system can be deployed.

This method of Number Portability uses a Route Index (RTI) and steering digits to route a ported number via SS7 trunking to a HUB where the steering digits are stripped off, and the original ported seven digit number is delivered to a CLEC office via SS7 trunking.

The following are the "pieces" required to implement this method:

The porting office will build a route index and assign steering digits which will be used to route the call via SS7 trunking to a CLEC office.

The route index with the attendant steering digits will be placed against a ported number in the End Office where the number originally resided. The route index will point the call to a common (to all CLEC's) Number Portability SS7 trunk group which routes the call to the office which is being used as a Hub.

When the call reaches the Hub office, the HUB office determines the route of the call based on the steering digits.

At this point the steering digits are stripped off in the HUB office and the ported number is delivered to the CLEC office over a dedicated SS7 trunk group.

It is Ameritech's opinion that the SPNP-HUB offers a viable, proven and less burdensome near term alternative for number portability, and one which does not involve a lot of throw away development and implementation costs, onerous work-arounds, multiple database dips, and unknown feature interactions, as do some of the "transitional" solutions now being discussed.

From: Barry Bishop To: David Branch

Date: 8/26/95 Time: 22:32:29

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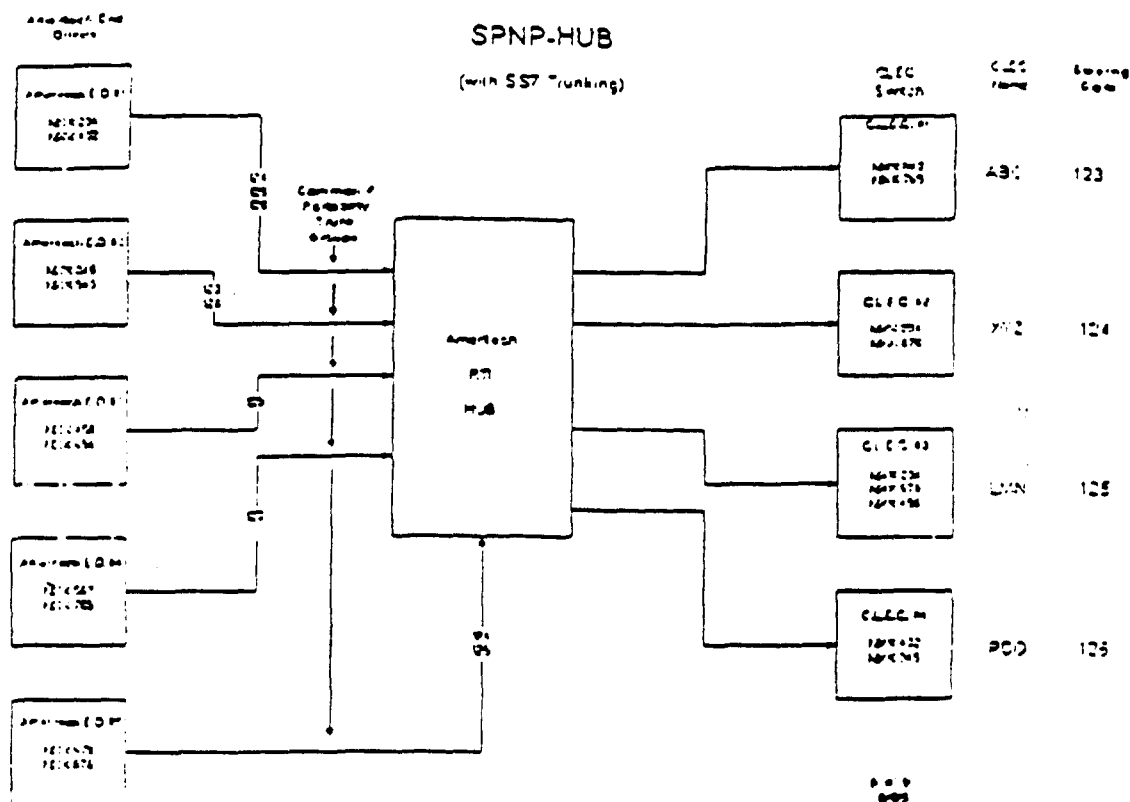


Fig 1

The diagram in Fig 1 shows how this method could be deployed for more than one CLEC (It can be deployed for only one CLEC).

Each CLEC is assigned Steering Digits which are used to route the call over SS7 trunking. In the Fig 1 example, CLEC "ABC" is assigned steering digits 123.

CLEC "ABC" is porting numbers from the Ameritech end office #2, NXX 543, and Ameritech End Office #4, NXX 765.

CLEC "PQR" is assigned Steering Digits 126 and is porting numbers from Ameritech end office #1, NXX 432, and Ameritech End Office #2 NXX 545.

SPNP-Hub (utilizing SS7) CLEC Provides Loop

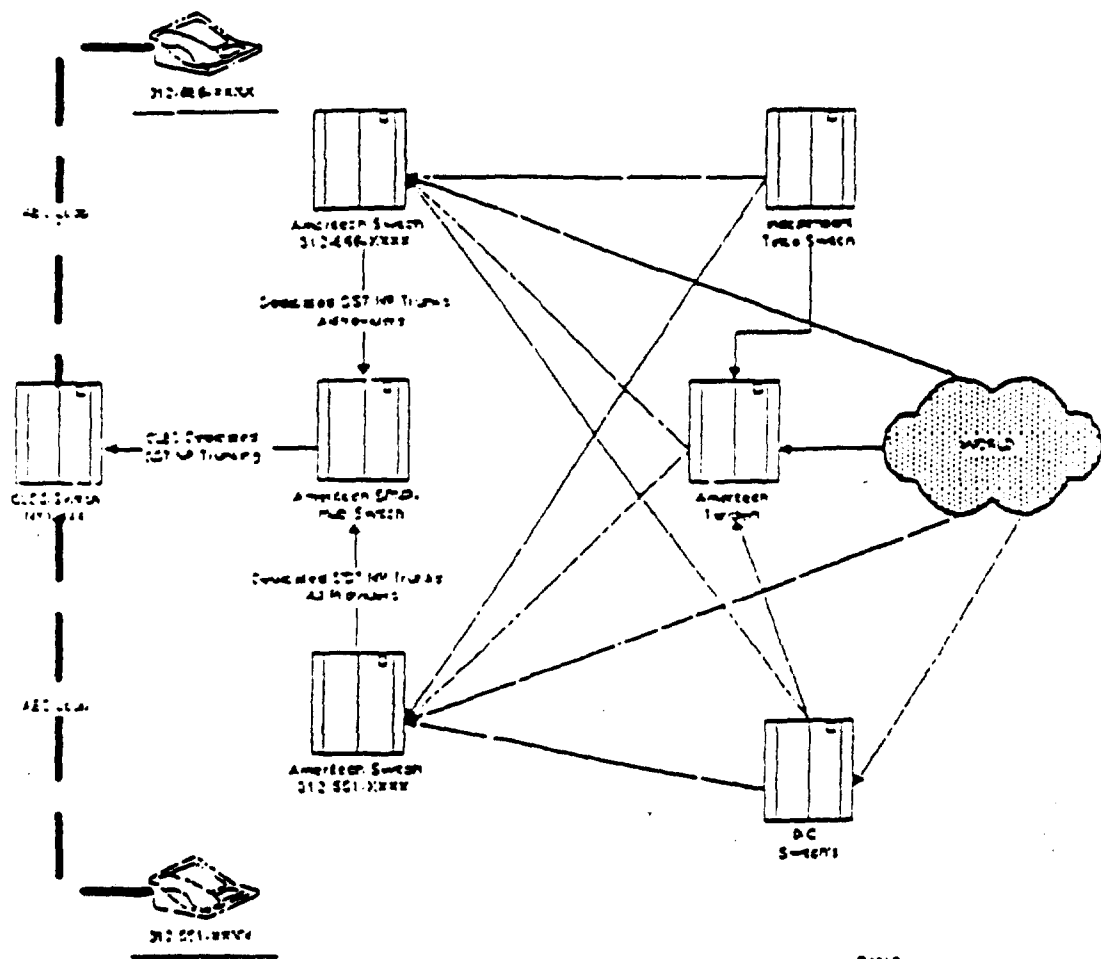


Fig. 2

The diagram in Figure 2 shows a possible LEC-CLEC configuration. Calls to 312-666-XXXX and 312-551-XXXX would be routed over common SS7 # portability trunk groups to the Hub switch. The Hub office would strip the steering digits off and send the seven digit telephone number to the CLEC over a dedicated (to the individual CLEC) SS7 trunk group.

From Barry Bishop To: David Orbach

Date: 3/25/95 Time: 22:33:43

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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF WILLIAM VICTOR ATHERTON, JR.
BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 96-01152

SEPTEMBER 26, 1996

**Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH
BELLSOUTH TELECOMMUNICATIONS, INC. (HEREINAFTER
REFERRED TO AS 'BELLSOUTH' OR 'THE COMPANY').**

**A. My name is William Victor Atherton, Jr. My business address is 3535
Colonnade Parkway, Birmingham, AL 35243. I am a Manager in the
Infrastructure Planning organization of the Network and Technology
Group.**

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

**A. I currently have the responsibility of leading the BellSouth Technical
Negotiations Team. This team comprises technical experts of various
disciplines that design, develop and negotiate the interconnection
arrangements with facilities-based Competing Telephone Service
Providers ('CTSPs'). The interconnection issues addressed by this
team may be grouped into three distinct categories: 1) network
interconnection, including all trunking and signaling necessary for
intercompany traffic flow; 2) portability of telephone numbers; and, 3)**

1 unbundled network elements. Consistent with the Telecommunications
2 Act of 1996 (hereinafter referred to as the 'Act'), the Company has
3 been negotiating these issues with AT&T since their first request in
4 March, 1996, and with MCI since their first request in September, 1995.

5
6 Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

7
8 A. I graduated from the University of Louisville with the degree of Bachelor
9 of Applied Science. In addition, I earned the Masters of Electrical
10 Engineering Degree from Speed Scientific Graduate School of the
11 University of Louisville. I am a licensed Professional Engineer in
12 Electrical Engineering, and a member of the Sigma Xi and Eta Kappa
13 Nu Engineering Honor Societies, and a member in the National and
14 Alabama Societies of Professional Engineers.

15
16 I began my career with South Central Bell in 1979 as an engineer in the
17 Electronic Switching Systems Group. In this assignment, I was
18 responsible for engineering the growth and replacement of these
19 systems. In 1984, I joined the Headquarters Staff organization where I
20 studied emerging telecommunications technologies, making specific
21 deployment recommendations to the Company. In 1985, I assumed the
22 position of Project Manager for 800 Database Service. In this role, I
23 was active in Company and industry forums and was responsible for
24 technical analysis, while negotiating the successful implementation of
25 the national system. During 1987, I was appointed Technical Product

1 Manager for Open Network Architecture and Interconnector Switched
2 Access Services. This included involvement in the Federal
3 Telecommunications System (FTS2000) and the National Emergency
4 Telecommunications System (NETS). I assumed my present position
5 in March, 1995.

6
7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8
9 A. The purpose of my testimony is to address Issue 17, regarding the
10 interim service provider number portability ("SPNP") solutions that
11 BellSouth will make available to CTSPs, including AT&T and MCI, in
12 accordance with the Act and pursuant to the Federal Communications
13 Commission's ("FCC") First Report and Order and Further Notice of
14 Proposed Rulemaking in CC Docket No. 95-116, issued July 2, 1996
15 ("Order Number 96-286"). Specifically, I will focus on those areas
16 where AT&T is requesting additional methods of SPNP not required by
17 the Act or the FCC. I will explain how BellSouth has accommodated
18 some of these additional requests, in the interest of good-faith
19 negotiations, and explain why other requests are not feasible, and in
20 fact, are not necessary, nor in the public interest.

21
22 In addition, I will address Issue 18 regarding BellSouth's position that a
23 long-term number portability solution is more appropriately addressed
24 in established industry forums, rather than in this arbitration proceeding.

25

1 ISSUE NO. 17: Must BellSouth provide interim number portability
2 solutions, including remote call forwarding, flex-direct inward
3 calling, route index-portability hub (RI-PH), and local exchange
4 routing guide reassignment?

JDE Exhibit 2
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5
6 **BellSouth Position:** BellSouth will provide interim number portability through
7 remote call forwarding ("RCF") and direct inward dialing ("DID")
8 services. BellSouth has also agreed to the reassignment of entire
9 NXXs, or first three digits of a telephone number, through the Local
10 Exchange Routing Guide ("LERG"). Other modifications to the LERG
11 require development of industry guidelines via the Industry Carrier
12 Compatibility Forum as well as system changes. BellSouth has
13 investigated the request for RI-PH and has determined it to be
14 technically feasible with minor limitations.

15
16 Q. WHAT METHODS WILL BELL SOUTH UTILIZE TO PROVIDE
17 SERVICE PROVIDER NUMBER PORTABILITY ("SPNP") ON AN
18 INTERIM BASIS?

19
20 A. BellSouth will provide, and expects AT&T and MCI to reciprocate,
21 SPNP through RCF arrangements and DID arrangements. These
22 methods are described by the FCC as the "only methods technically
23 feasible" (FCC Order 96-286, paragraph 110), and are generally
24 accepted by the industry as de facto SPNP standards. These methods
25 meet the requirements of the Act until a permanent long-term number

1 portability capability is fully developed, tested and implemented by the
2 industry. At AT&T's request, however, BellSouth has agreed to two
3 additional arrangements:

4 1) Local Exchange Routing Guide ("LERG") reassignment of central
5 office NXX codes, predicated on the fact that appropriate industry
6 procedures will be followed, and 2) Route Indexing - Portability Hub
7 ("RI-PH"), within technical feasibility limitations. These arrangements
8 will be detailed below.

9
10 Q. WHAT ADDITIONAL ITEMS REGARDING INTERIM SERVICE
11 PROVIDER NUMBER PORTABILITY ("SPNP") HAS AT&T
12 REQUESTED?

13
14 A. In addition to the four agreed upon SPNP methods mentioned above,
15 AT&T has requested that BellSouth provide for LERG reassignment of
16 telephone numbers at the NXX-X, or thousands block, level.

17
18 Q. PLEASE DESCRIBE THE CENTRAL OFFICE CODE
19 REASSIGNMENT METHOD OF ACCOMPLISHING SPNP.

20
21 A. NXX codes, or central office codes, are uniquely assigned through
22 industry code administration practices to local service providers. Such
23 assignments are documented in the LERG and are available to the
24 industry as public information. In a situation where a CTSP (or other
25 service provider) is providing local exchange service to all subscribers

1 within a given NXX, a change in the assignment of that NXX from the
2 incumbent provider to the CTSP may be initiated through standard
3 industry procedures.

4

5 Q. WHAT HAS AT&T SPECIFICALLY REQUESTED WITH REGARD TO
6 CENTRAL OFFICE CODE REASSIGNMENTS?

7

8 A. Central Office codes are assigned at the NXX level which contain ten
9 thousand numbers. Central Office codes at the NXX-X, or thousands
10 block level, contain one thousand numbers. AT&T has requested the
11 reassignment of codes both at the NXX level (as described above) and
12 at the NXX-X level in order to support interim number portability.
13 NXX-X code reassignment would allow portions of previously assigned
14 NXX codes to be reassigned to a CTSP, thereby allowing the NXX-X to
15 be routed directly to the CTSP through routing information provided by
16 the LERG. The reassigned NXX-X codes would in effect be "ported"
17 from the original code holder to the CTSP as the new code holder.

18

19 Q. IS AT&T'S REQUEST FOR NXX REASSIGNMENTS TECHNICALLY
20 FEASIBLE?

21

22 A. Yes. Reassignment of entire NXXs can be done, provided that
23 agreements are reached between BellSouth and a CTSP, within the
24 framework of the industry-developed Central Office Code Assignment
25 Guidelines. There are provisions in these guidelines which allow for the

1 information associated with an entire NXX code assignment to be
2 changed as a result of the transfer of the code to a different company
3 (typically a merger or acquisition). The reassignment of an entire NXX
4 code would be allowed under these provisions, assuming the
5 appropriate steps are taken to enable such a reassignment or transfer.
6 Therefore, the transfer of an entire NXX code can be accommodated
7 within the industry guidelines which also include the necessary steps
8 for modifications to the LERG to allow calls to the transferred NXX to be
9 routed appropriately. BellSouth and the industry can comply with
10 AT&T's request to reassign entire NXXs when in the best interest of all
11 parties.

12
13 Q. IS AT&T'S REQUEST FOR NXX-X REASSIGNMENTS TECHNICALLY
14 FEASIBLE?

15
16 A. No. The AT&T request to reassign central office codes at the NXX-X,
17 or thousands block, level is not technically feasible and cannot be
18 accommodated by BellSouth or the industry. The AT&T proposal would
19 require that call termination routing decisions be made on a seven digit
20 (NPA-NXX-X) basis, rather than the six digits (NPA-NXX) currently
21 used. This would affect all carriers that terminate to the NXX and not
22 just AT&T and BellSouth. This would have a significant impact on call
23 routing because call completion could no longer be accomplished with
24 six digit analysis and translation. If the serving end office of the called
25 party were required to be identified by the thousands block of the NXX,

1 seven digit (NPA-NXX-X) analysis would have to be performed at some
2 point in the call completion path. BellSouth (as well as the rest of the
3 industry) would need to modify operational support systems and switch
4 administration procedures in order to accommodate the seven digit
5 routing required to support the NXX-X assignment. In addition, several
6 Bellcore-maintained industry databases, including the Routing
7 DataBase System ("ROBS"), the Bellcore Rating Input Database
8 System ("BRIDS") and the Line Information DataBase Access Support
9 System ("LASS"), would require changes to accommodate the split of
10 an NXX between different companies. The required modifications to
11 accommodate thousands block assignment and NXX-X routing would
12 take a minimum of two to three years, per industry agreement at the
13 Industry Carrier Compatibility Forum ("ICCF"). This would extend
14 beyond the time frame allowed for interim number portability and into
15 the time period specified by the FCC for a permanent number portability
16 solution.

17
18 The telecommunications industry has developed guidelines which
19 prevent the assignment of central office codes below the NXX level.
20 AT&T's current request for thousands block reassignment is in conflict
21 with these industry guidelines. BellSouth intends to adhere to the
22 industry assignment guidelines and would oppose the LERG
23 reassignment of number blocks at less than a full NXX, because of the
24 adverse impact this proposal would have on the entire
25 telecommunications industry.

1
2 Q. PLEASE EXPLAIN THE RATIONALE UNDERLYING THE INDUSTRY
3 ASSIGNMENT GUIDELINES.
4

5 A. Central office codes are assigned as per the Central Office Code (NXX)
6 Assignment Guidelines developed by the Industry Numbering
7 Committee ("INC"), a standing committee of the ICCF. These
8 guidelines treat the assignment of central office codes, including
9 submission of new assignments for inclusion in Routing DataBase
10 System ("RDBS"), the Bellcore Rating Input Database System
11 ("BRIDS") and the Line Information DataBase Access Support System
12 ("LASS"), so that notification to the industry can take place through
13 outputs from these databases. BellSouth, in its role as Central Office
14 Code Administrator in those NPAs which it serves, adheres to these
15 industry developed guidelines in assigning NXX codes fairly and
16 impartially to any applicant that meets the criteria for assignment
17 outlined in the guidelines. These guidelines, which were developed
18 through an industry consensus process in which AT&T participated, do
19 not provide for the reassignment (or assignment) of central office codes
20 at the thousands block level. Even if the reassignment of NXX codes at
21 the thousands block level is technically feasible, such a reassignment
22 would require that the Central Office Code Assignment Guidelines be
23 modified by the INC through the industry consensus process.
24
25

1 Q. IS REASSIGNMENT OF CODES AT THE THOUSANDS BLOCK
2 LEVEL AN APPROPRIATE ISSUE FOR THIS ARBITRATION
3 PROCEEDING?
4

5 A. No. This particular request is outside the scope of this proceeding. If
6 AT&T and MCI want to pursue this option for interim number portability,
7 they should submit an Issue Identification Form to the INC requesting
8 modifications to the existing guidelines to allow for assignment of
9 central office codes at the thousands block level. BellSouth cannot
10 assign or reassign central office codes below the NXX level, or more
11 specifically at the NXX-X, or thousands block level, as requested by
12 AT&T, without a change to the industry assignment guidelines.
13

14 Q. PLEASE SUMMARIZE THE COMPANY'S POSITION REGARDING
15 CENTRAL OFFICE CODE REASSIGNMENT AS AN INTERIM
16 SERVICE PROVIDER NUMBER PORTABILITY ("SPNP") SOLUTION.
17

18 A. National guidelines preclude reassignment of central office codes at the
19 NXX-X level. It is not currently possible to provide for appropriate
20 routing of the call based on the assignment, nor would it be a wise use
21 of the industry's resources to develop this capability. The technical
22 impact and required network modifications to support NXX-X based
23 routing would take such significant time and effort that this is not a
24 viable option for interim number portability. In addition, industry
25 guidelines and practices currently do not allow assignment of codes

1 below the NXX level. Based on the above reasons, it is not in the
2 public interest to allow reassignment of central office codes at the
3 NXX-X level.
4

5 Q. WHAT IS THE ROUTE INDEX-PORTABILITY HUB (RI-PH)
6 ARRANGEMENT THAT HAS BEEN REQUESTED?
7

8 A. RI-PH is an extrapolation of the DID method of SPNP, where the
9 intercompany traffic is delivered from a "hub" location, typically the
10 access tandem, rather than delivered from each local switching office.
11

12 Q. PLEASE DESCRIBE THE DID METHOD OF SERVICE PROVIDER
13 NUMBER PORTABILITY ("SPNP").
14

15 A. In a DID arrangement, SPNP is accomplished as follows: When a
16 telephone call is placed to a "portable" number, the receiving local
17 switching office analyzes all seven digits of the dialed number and
18 determines that the call should be transferred to another local service
19 provider's switch. The call is then placed on a unique interoffice facility
20 to that other local service provider's switch. It is the responsibility of the
21 other local service provider to determine the end-user to which the call
22 is ultimately terminated.
23
24
25

1 Q. PLEASE DESCRIBE THE ROUTE INDEX-PORTABILITY HUB ("RI-
2 PH") ARRANGEMENT REQUESTED BY AT&T.

3
4 A. As with DID, when a telephone call is placed to a "portable" number,
5 the receiving local switching office analyzes all seven digits of the
6 dialed number and determines that the call should be transferred to
7 another local service provider's switch. RI-PH proposes that a three-
8 digit switching office digit code that identifies the CTSP be prefixed to
9 the dialed number. The call is then transmitted to the access tandem
10 via a common facility or trunk group. The access tandem analyzes the
11 carrier code, determines the appropriate CTSP to which the call must
12 be directed, and transmits the call to that CTSP.

13
14 Q. WILL BELLSOUTH OFFER THE ROUTE INDEX-PORTABILITY HUB
15 ("RI-PH") CAPABILITY?

16
17 A. Yes. BellSouth will accommodate the request for this additional
18 capability, with the technical limitations described below.

19
20 Q. WHAT ARE THE TECHNICAL LIMITATIONS REGARDING RI-PH?

21
22 A. BellSouth technical experts have analyzed this request and have
23 determined that it is technically feasible in all geographic areas that use
24 seven-digit local dialing. In areas where ten-digit local dialing is
25 required, the analog switching offices (e.g., the 1AESS) cannot do this

1 prefix function. In other words, the analog switching offices are not
2 technically capable of transmitting a thirteen-digit call.

3
4 Q. WHY WOULD TEN-DIGIT LOCAL CALLING BE REQUIRED?

5
6 A. Ten-digit local calling is required in a situation where an area code
7 (NPA) must be split because the central office codes (NXXs) within that
8 NPA have all been assigned. When this occurs, two area codes exist
9 within one local calling area. Subscribers must then dial ten digits so
10 that the network can determine the proper call destination.

11
12 Q. ARE THERE ANY AREAS IN TENNESSEE WHERE TEN-DIGIT
13 LOCAL DIALING IS REQUIRED?

14
15 A. Not at the present time, however, future NPA splits may partially impact
16 the technical feasibility of this issue.

17
18 ISSUE NO. 18: Must BellSouth negotiate a long-term number portability
19 solution?

20
21 BellSouth Position: BellSouth is currently working with the industry,
22 including AT&T and MCI, on the long-term number portability issues
23 through the Georgia and Florida Commissions, since those state
24 commissions have opened workshops/industry task forces to analyze
25 number portability issues. The discussions at these industry meetings

1 have taken on a regional perspective regarding long-term number
2 portability solutions. To negotiate the long-term number portability
3 issues only with AT&T and MCI, and outside of these type of industry
4 forums, would be counter-productive.

5
6 Q. PLEASE DESCRIBE BELLSOUTH'S POSITION RELATIVE TO THE
7 LONG-TERM NUMBER PORTABILITY SOLUTION.

8
9 A. BellSouth fully supports the implementation of a long-term number
10 portability solution. This solution will involve the deployment of adjunct
11 databases capable of determining local routing numbers. BellSouth
12 believes that all parties, including AT&T and MCI, should implement the
13 long-term solution as required by the Act, guided by the FCC, and
14 developed by the industry.

15
16 Q. IS IT APPROPRIATE FOR BELLSOUTH TO NEGOTIATE
17 INDEPENDENTLY WITH AT&T AND MCI THE METHODS AND
18 REQUIREMENTS OF THE LONG-TERM NUMBER PORTABILITY
19 SOLUTION?

20
21 A. No. The methods and interconnection arrangements for the long-term
22 solution are currently being developed in several forums around the
23 country. The FCC Order 96-266, issued July 2, 1996, is currently being
24 implemented through these forums by all companies involved in
25 number portability. Within BellSouth, industry negotiations are

1 proceeding in Georgia and in Florida. The long-term solution interfaces
2 and agreements should continue to be negotiated in the industry
3 forums. Specific company negotiations should not be undertaken until
4 the industry work has been completed. BellSouth believes that it is
5 appropriate for AT&T, MCI and the Company to agree at this time to
6 implement long-term number portability per the methods and
7 arrangements resulting from the industry forums.

8

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10

11 A. Yes.

12

13

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25

September 3, 1996

Robert Oakes
AT&T
1200 Peachtree St., NE
Atlanta, Georgia 30309

Dear Robert:

This is in response to your letter of August 27, 1996, requesting BellSouth's position on Route Indexing - Portability Hub (RI-PH). BellSouth's technical experts have analyzed AT&T's request for this additional capability for interim number portability and have determined that it is technically feasible with the following exception:

Analog switches such as the 1AESS and 2BESS are not technically capable of prefixing a three-digit carrier identification onto a ten-digit called number. Therefore, in a situation where ten-digit local dialing is required (e.g., as a result of an NPA split), the analog switches cannot perform this function.

BellSouth will accommodate RI-PH arrangements, as requested by AT&T, except in those instances where the switch types and dialing patterns prohibit it from being technically feasible. Upon a request for specific location information, BellSouth will be happy to discuss with AT&T those areas where the above situation exists.

Please call if we need to discuss.



Vic Altherton

cc: Susie Lavett
Gary Robert

**STATE OF MICHIGAN
BEFORE THE
MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter, on the Commission's)	
own motion, to consider)	
Ameritech Michigan's compliance)	
with the competitive checklist)	Case No. U-11104
in Section 271 of the Telecommunications)	
Act of 1996.)	

AFFIDAVIT

OF

MICHAEL STARKEY

ON BEHALF OF

AT&T COMMUNICATIONS OF MICHIGAN, INC.

MPSC CASE NO. U-11104
DIRECT TESTIMONY OF MICHAEL STARKEY

- 1) My name is Michael Starkey. My business address is: Competitive Strategies Group, Ltd., 70 E. Lake Street, Suite 630, Chicago, IL 60601.
- 2) I am currently employed as a Principal member of Competitive Strategies Group Ltd. ("CSG"), a Chicago-based telecommunications and regulatory consulting firm. I serve as Vice President of the firm's Telecommunications Services Division.
- 3) Prior to joining CSG, I was most recently employed by the Maryland Public Service Commission as Director of the Commission's Telecommunications Division. Prior to joining the Maryland PSC I was employed as Senior Policy Analyst of the Illinois Commerce Commission's Office of Policy and Planning. I began my career as an Economist with the Missouri Public Service Commission within the Commission's Utility Operations Division, Telecommunications Department.
- 4) In the course of my work with the clients of CSG and the Utility Commissions identified above, I have participated in a number of regulatory proceedings concerning telecommunications services. I have testified on a wide variety of issues, including alternative regulatory frameworks, the introduction of local exchange competition, area code number exhaust, incremental cost analysis, competitive market measurement, switched access structures, and most recently, pro-competitive policies embodied in the Telecommunications Act of 1996. A more detailed listing of my

experience and my education background is included with this testimony as Exhibit MS-1.

- 5) The purpose of this affidavit is threefold: (1) to provide the Commission with what I believe is an appropriate method by which the level and effectiveness of competition in the Michigan local exchange marketplace can be assessed for purposes of checklist compliance, (2) to respond to the November 12 and December 16, 1996 Submissions of Information of Ameritech in this compliance case and its description of competition in the local exchange marketplace in Michigan, and (3) to describe those circumstances within the Michigan local marketplace that continue to stand as obstacles to competition and its role as an effective disciplinary force.

INTRODUCTION

- 6) The Michigan Legislature and this Commission have taken an aggressive and proactive role in attempting to foster competition in the local telecommunications market in Michigan. The Michigan Telecommunications Act was designed by the Legislature to "[a]llow and encourage competition to determine the availability, prices, terms and other conditions of providing telecommunications service" (MCL 484.2(101)(b)); and to "[e]ncourage the introduction of new services, the entry of new providers, the development of new technologies, and increase investment in the

telecommunications infrastructure in this state through incentives to providers to offer the most efficient services and products." (MCL 484.2(101)(d)).

- 7) Measuring the influence of competition in the telecommunications marketplace admittedly poses a challenge for the Commission. The Michigan Commission has, over the past few years, in many respects led the nation in progressive, competitive telecommunications policy. In this role, the Commission has confronted the difficulties associated with structuring a competitive market that will allow customers to realize choice, quality and value in telecommunications services.
- 8) One of the most significant issues the Commission must face is the need to establish guidelines which effectively differentiate between those services or market segments which may exhibit levels of competition consistent with a reduction in regulatory oversight and those that do not. It is my opinion that incumbent providers like Ameritech warrant reduced regulators oversight only if they face market competition that is sufficiently meaningful and effective to assure reduced prices and protection of telecommunications consumers.
- 9) In differentiating between competitive and noncompetitive markets, determinations must be made concerning not only whether adequate alternatives are available, but also the ease and economic self-interest which might induce customers to switch between suppliers. It is the capability of customers to *exercise* economic choices